

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05  
L-03 NSAE-00 OMB-01 PM-05 OES-07 SP-02 SS-15  
STR-07 TRSE-00 ACDA-12 NSCE-00 SSO-00 USIE-00  
INRE-00 PA-01 CEQ-01 /110 W  
-----102504 031120Z /14

O P 031034Z MAR 78

FM AMCONSUL ISTANBUL

TO SECSTATE WASHDC IMMEDIATE 9718

INFO AMEMBASSY ANKARA PRIORITY

LIMITED OFFICIAL USE ISTANBUL 0648

E.O. 11652: N/A

TAGS: EGEN, EFIN, ENRG, TU

SUBJECT: GOT THREATENS TO CANCEL MOBIL REFINING CONCESSION

REF: ITANBUL 0441

1. ENERGY MINISTRY INFORMED MOBIL, SHELL AND BP FEBRUARY 28 THAT THE COMPANIES' REFINING RIGHTS WILL BE CANCELED WITHIN 90 DAYS IF THEY DO NOT SUPPLY SUFFICIENT CRUDE OIL TO KEEP ATAS REFINERY AT 100 PERCENT CAPACITY. MOBIL CONSIDERS LAST PHRASE AMBIGUOUS AND IS NOT CERTAIN THAT THE COMPANY HAS 90 DAYS TO ACT, OR MUST INCREASE REFINING OPERATIONS IMMEDIATELY.

2. MOBIL HAS IMPORTED ONE ADDITIONAL CARGO OF CRUDE, MAKING A TOTAL OF FIVE CARGOS SINCE GENERAL MANAGER CASANOVA'S MEETING WITH ENERGY MINISTER BAYKAL (REFTEL). THIS PLUS INDIGENOUS PRODUCTION IS SUFFICIENT TO MAINTAIN ATAS REFINERY OPERATION AT MINIMUM (50 PERCENT) CAPACITY THROUGH END OF MARCH. ADDITIONAL SHIPMENT BRINGS MOBIL EXPOSURE FOR UNREIMBURSED CRUDE IMPORTS OVER 110 MILLION DOLLARS.

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3. MOBIL INTENDS TO MAKE A FORMAL PROTEST AFTER CONSULTATION WITH HEAD OFFICE. MAIN POINTS WILL BE THAT OVER 80 MILLION DOLLARS OF TOTAL MOBIL EXPOSURE IS IN ARREARS, AND THAT ATAS REFINING MARGIN HAS NOT BEEN ADJUSTED SINCE 1975 DESPITE MINISTER BAYKAL'S ASSURANCES OF RELIEF, FORCING THE REFINING COMPANY TO OPERATE AT A LOSS.

4. ADDITIONAL PROBLEM RESULTING FROM MARCH 1 DEVALUATION IS THAT MOBIL ASSUMES CENTRAL BANK WILL REQUIRE THE COMPANY TO DEPOSIT ADDITIONAL 30 PERCENT TURKISH LIRA COVER FOR THE TOTAL 110 MILLION DOLLARS OF PENDING FOREIGN EXCHANGE TRANSFERS FOR IMPORTED CRUDE. ACCORDING TO MOBIL, WHICH IS PRESSED FOR CASH BECAUSE OF REFINING LOSSES, THIS WOULD BANKRUPT THE COMPANY.

5. LOCAL MOBIL EXECUTIVES DO NOT BELIEVE THAT HEAD OFFICE WILL AGREE TO SUPPLY ADDITIONAL CRUDE WITHOUT GOT ACTION ON PAYMENT OF ARREARAGES AND/OR REFINING MARGIN ADJUSTMENTS, SO STAGE IS NOW SET FOR A SHOWDOWN IN WHICH MOBIL WILL PROBABLY CALL GOT'S BLUFF.  
HOUGHTON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRODUCTION, REFINERIES, NEGOTIATIONS, PETROLEUM CONCESSIONS  
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**Copy:** SINGLE  
**Draft Date:** 03 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1978ISTANB00648  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
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**Subject:** GOT THREATENS TO CANCEL MOBIL REFINING CONCESSION  
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**Type:** TE  
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**Review Markings:**  
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